# stc lines

## [illegible] Annual Report

*Bringing Saskatchewan People Together*

85-4152/

# SASKATCHEWAN TRANSPORTATION COMPANY

1984
ANNUAL REPORT

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# Corporate Directory

## Directors

| | |
|---|---|
| Marjorie Gerwing, Q.C. | — Chairman |
| Honourable James W. Garner | — Vice-Chairman |
| Irving Goldenberg | — Lawyer, Saskatoon |
| W. (Bill) G. Rudichuk | — Accountant, Regina |
| Ian D. Disbery, B.A., LL.B. | — Board Secretary |

## Officers and Managers

| | |
|---|---|
| Don Castle | — President |
| Darrell W.T. Lowry | — Vice-President, Operations |
| David A. Sentes | — Vice-President, Finance & Administration |
| John Lyzaniwski | — Accounting Manager |
| Greg G. Beattie | — Marketing Manager |
| Gerry G. Black | — Maintenance Manager |
| Gerry M. Karst | — Transportation Manager |

# Letter of Transmittal

January 11, 1985

To His Honour F.W. Johnston
The Honourable Lieutenant
Governor of the Province of Saskatchewan

Dear Sir:

I have the honour to submit the Annual Report of the Saskatchewan Transportation Company for the year ended October 31, 1984, including the Financial Statements, duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with the Crown Corporation Act 1978.

Your obedient servant,

James W. Garner
Minister in Charge
Saskatchewan Transportation Company

# Chairman's Message

I was pleased to be appointed Chairman of the Saskatchewan Transportation Company in November 1983 and would like to thank the Board members for their active involvement in the Company's progress during 1984.

The general direction of the long term recovery program is most certainly reflected in the 1984 financial results of the Company.

On behalf of the Board, I would like to thank all employees and commissioned agents for their positive contributions during 1984 and look forward to their continued dedication in 1985.

M. Gerwing
Chairman of the Board

# President's Report

The year ended October 31, 1984 marked Saskatchewan Transportation Company's thirty-eighth year of operation and the second year of the recovery program initiated in 1983.

The objective of the second year was to curb rising costs through productivity improvements. In order to achieve this objective, STC implemented rigid cost control programs and divested itself of the Prince Albert/LaRonge Freight Line trucking operation, which had incurred losses or only marginal profits in recent years.

These measures were successful in trimming more than $430,000 from operating and administrative costs and contributed to the $1.0 million improvement in the operating loss sustained by the operation.

The cost reduction objective was also achieved without reducing our level of service to the people of Saskatchewan. Passenger fares were held constant in 1984 and STC transported more than 760,000 passengers over our system, which continues to access more than 400 communities or 80% of Saskatchewan's population.

In 1985 and in the future, STC's challenge will be to efficiently provide transportation services to meet the demands of an ever changing society. Increased emphasis will be placed on matching services provided to the demand of the public and maximizing growth opportunity areas.

I am confident STC's employees and agents will continue to demonstrate their commitment to improving STC's position in the upcoming year.

D. Castle
President

# Operations Review

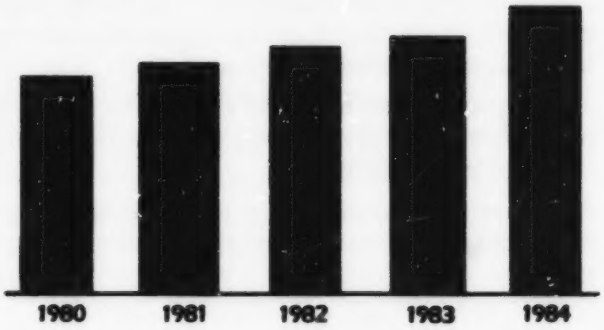
## Passenger Services

A number of service adjustments were made during the year to improve schedule interconnections and in response to community needs. These included the establishment of service into the community of Zenon Park; direct service to Saskatoon Airport for North Battleford and area residents; and a connector service between the STC Depot and the VIA Train Station in Saskatoon. The trial service into Grand Coulee was abandoned early in the year due to insufficient passenger and parcel express volumes.

On the charter side, rates were reduced in an effort to attract additional charter business.

As a result, more than 760,000 passengers were safely carried to destinations on STC routes, connecting carriers' routes and on charter trips within Saskatchewan, Canada and the United States.

## Passenger and Charter Revenues — 1980 - 1984

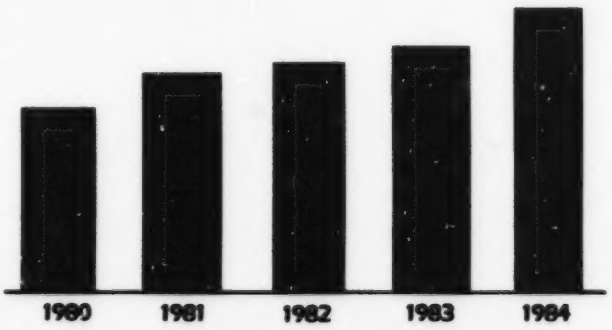



## Parcel Express Services

Another strong performance from the parcel express services area was recorded in 1984; over 2.5 million pieces of express were delivered on STC buses, generating revenues of $5,243,377, an 11% increase over 1983.

STC will continue to maximize this growth opportunity area through the introduction of positive programs such as the one entered into with Air Canada in December 1983 whereby shipments are interlined between Air Canada's major cities and all communities served by STC.

## Parcel Express Services



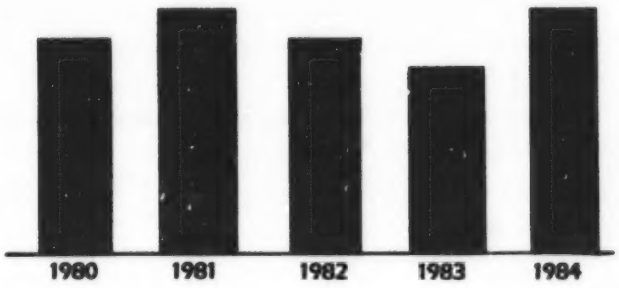
## Motor Coach Fleet

At year end STC's fleet consisted of 69 coaches with an average age of 8.7 years. The average cargo capacity per unit was 330 cubic feet complemented by an average seating capacity of 44 passengers.

While the total miles operated in 1984 of 5,489,500 represented a decrease of 98,600 miles from the previous year, coach productivity rose to a 5 year high of approximately 79,000 miles per coach.

STC will continue to strive for optimal utilization of equipment and facilities.

## Coach Productivity 1980 - 1984



# People Serving People

The friendly and co-operative spirit of STC's 297 employees and 276 commissioned agents to accommodate our partrons will continue to be the corporation's key to success.

1984 marked the anniversary of safely driving more than two million miles for four of our Motor Coach Operators — Barney Berting, Don Erlandson, Doug Humphrey and Gordon Edison.

Special recognition is also due to the following employees and agents upon their 25th year of service to STC:

| | |
|---|---|
| J.D. (Jack) Black | Motor Coach Operator, Saskatoon |
| R.D. (Ron) MacPherson | Prince Albert Depot Manager |
| J.W. (Walter) Scott | Custodian, Saskatoon |

Sincere gratitude is also extended to the following retiring employees for their years of service to STC:

| | |
|---|---|
| W. (Bill) Grewcock | Freight Line Driver, Prince Albert<br>June 29, 1953 - March 7, 1984 |
| E.J. (Ed) Kuntz | Inventory Controller, Regina<br>November 5, 1946 - January 1, 1984 |
| J.I. (Jean) Kostick | Executive Assistant, Regina<br>April 29, 1948 - February 1, 1984 |
| N.A. (Norm) Shire | Motor Coach Operator, Regina<br>June 16, 1949 - July 1, 1984 |
| V.P. (Vick) Coburn | Custodian, Saskatoon<br>April 1, 1946 - September 1, 1984 |
| S.A. (Sid) Cookman | Motor Coach Operator, Prince Albert<br>July 23, 1952 - September 1, 1984 |

At this time, the Board of Directors and Management extend their appreciation to all employees for their dedication and valuable contributions to the Saskatchewan Transportation Company.

# FINANCIAL STATEMENTS

YEAR ENDED
OCTOBER 31, 1984

# Financial Highlights

1984 was a challenging year for the transportation industry. High unemployment rates nation wide and the slow growth in personal disposable income contributed to the decrease in consumer demand for transportation services.

STC also faced a difficult year. Passengers carried on regular schedules declined by approximately 5% to 731,218. However, due to the effect of the rate increase granted in 1983, passenger fares increased slightly to $6.8 million.

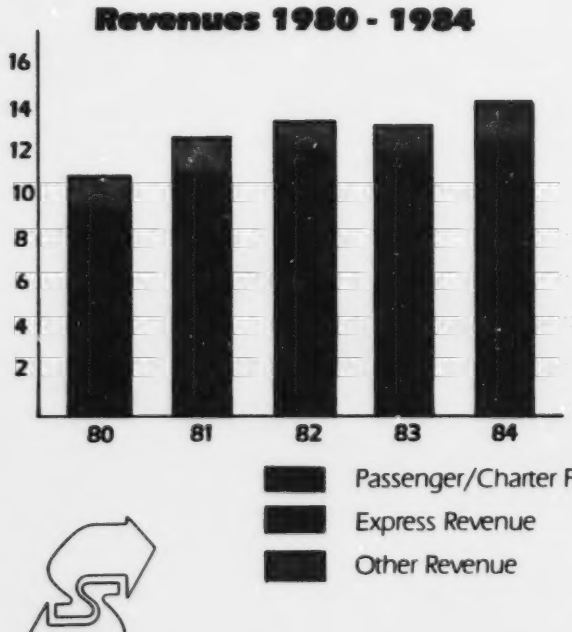
Other transportation service revenues declined by approximately $200,000 to $2.0 million, which reflects the decline in demand for transportation services.

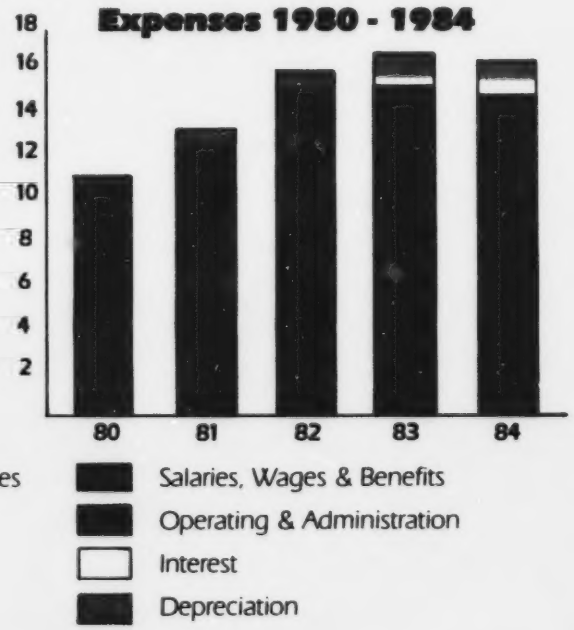
On the positive side, the decline in ridership was more than offset by an increase in express shipments carried. Express revenues, which represent more than a third of total revenues, increased by $540,000 to $5.2 million.

Facing a declining passenger market and spiralling cost increases, STC's recovery program focused on curbing cost increases.

Total corporate expenses amounted to $16.2 million, a decrease of $300,000 from the previous year. This cost reduction was achieved without reducing the level of service provided to the people of Saskatchewan. Productivity improvements and cost control programs accounted for a reduction of approximately $430,000 from expenses (before depreciation and interest charges). Depreciaton declined by $60,000 while additional borrowing requirements added $182,000 to interest expense.

The $1.8 million loss sustained by the corporation was an improvement of $1.0 million from the previous year. Cash requirements of $1.2 million were down by $1.7 million, from the previous year, due predominantly to the $700,000 reduction of cash consumed in operations and the deferral of capital expenditures. The cash requirements were satisfied with $1.0 million of short term borrowings and proceeds from disposal of property and equipment amounting to $200,000.



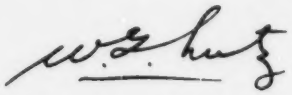



# Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of Saskatchewan Transportation Company as at October 31, 1984 and the statements of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the company as at October 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
December 7, 1984

W.G. Lutz, F.C.A.,
Provincial Auditor

# Statement of Financial Position

**As at October 31**

| | 1984 | 1983 |
|---|---|---|
| | (Thousands of Dollars) | |
| **ASSETS** | | |
| Current Assets | | |
| Cash | $ 10 | $ 10 |
| Accounts Receivable | 985 | 1,037 |
| Supplies and Parts Inventories | 270 | 285 |
| Prepaid Expenses | 194 | 220 |
| | 1,459 | 1,552 |
| Property and Equipment (Note 3) | 10,279 | 11,072 |
| | $11,738 | $12,624 |
| **LIABILITIES AND PROVINCE'S EQUITY** | | |
| Current Liabilities | | |
| Bank Indebtedness | $ 4,517 | $ 3,527 |
| Accounts Payable and Accrued Liabilities | 1,359 | 1,439 |
| | 5,876 | 4,966 |
| Province of Saskatchewan's Equity | | |
| Advances (Note 4) | 11,635 | 11,635 |
| Deficit | (5,773) | (3,977) |
| | 5,862 | 7,658 |
| | $11,738 | $12,624 |

(See Accompanying Notes)

# Statement of Operations

**Year Ended October 31**

| | 1984 | 1983 |
|---|---|---|
| | (Thousands of Dollars) | |
| **REVENUES** | | |
| Transportation Services | $14,020 | $13,587 |
| Other Revenues | 270 | 231 |
| Gain (Loss) on Sale of Property and Equipment | 130 | (122) |
| | 14,420 | 13,696 |
| **EXPENSES** | | |
| Operating | $13,009 | $13,063 |
| Administration | 2,013 | 2,389 |
| Depreciation | 812 | 875 |
| Interest | 382 | 200 |
| | 16,216 | 16,527 |
| | $ (1,796) | $ (2,831) |

# Statement of Deficit

**Year Ended October 31**

| | 1984 | 1983 |
|---|---|---|
| | (Thousands of Dollars) | |
| Deficit — Beginning of Year | $ (3,977) | $ (1,146) |
| Add: Net Loss | (1,796) | (2,831) |
| Deficit — End of Year | $ (5,773) | $ (3,977) |

(See Accompanying Notes)

# Statement of Changes in Financial Position

**Year Ended October 31**

| | 1984 | 1983 |
|---|---|---|
| | (Thousands of Dollars) | |
| **SOURCE OF FUNDS** | | |
| Proceeds from Sale of Property and Equipment | $ 242 | $ 1,077 |
| **APPLICATION OF FUNDS** | | |
| Operations | | |
| Net Loss | $ 1,796 | $ 2,831 |
| Add (Deduct) Items not affecting Working Capital: | | |
| Depreciation | (812) | (875) |
| Gain (Loss) on Sale of Property and Equipment | 130 | (122) |
| | 1,114 | 1,834 |
| Purchase of Property and Equipment | 131 | 1,044 |
| | $ 1,245 | $ 2,878 |
| Decrease in Working Capital | $ 1,003 | $ 1,801 |
| **INCREASE (DECREASE) IN WORKING CAPITAL COMPONENTS** | | |
| Cash | $ — | $ 1 |
| Accounts Receivable | (52) | (151) |
| Other Current Assets | (41) | (120) |
| Current Liabilities | (910) | (1,531) |
| Decrease In Working Capital | $(1,003) | $(1,801) |

(See Accompanying Notes)

# Notes to Financial Statements

**October 31, 1984**

Note 1 **Significant Accounting Policies**

The financial statements are prepared in accordance with generally accepted accounting principles. Described below are those accounting policies which are particularly significant to Saskatchewan Transportation Company.

(a) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures on repairs which extend the useful life of the asset such as refurbishments and structural repairs are capitalized. Normal maintenance such as engine and drivetrain repairs or replacement, mechanical repairs and preventative maintenance are expensed as incurred.

Gains or losses on sales of property and equipment are recognized in the statement of operations as they occur.

(b) Depreciation of Buildings and Equipment

Depreciation is recorded on the straight-line basis at rates designed to amortize the cost of the fixed assets over their estimated useful lives after considering residual values. Depreciation rates are as follows:

| | |
|---|---|
| Buildings | 2.5% to 10% |
| Coach Equipment | 11.1% |
| Other Equipment | 10.0% |

(c) Supplies and Parts Inventories

Inventories of vehicle parts and supplies are stated at the lower of cost or replacement cost.

Note 2 **Status of Saskatchewan Transportation Company**

Saskatchewan Transportation Company was established by Order-In-Council #168 in 1946 and continues under The Crown Corporations Act, 1978.

The accounts of the Company are consolidated in the annual financial statements of the Crown Investments Corporation of Saskatchewan.

Note 3 **Property and Equipment**

| | 1984 | | | 1983 |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| | | (Thousands of Dollars) | | |
| Land | $ 1,823 | $ — | $ 1,823 | $ 1,827 |
| Buildings | 6,771 | 1,359 | 5,412 | 5,642 |
| Coach and Truck Equipment | 7,005 | 4,375 | 2,630 | 3,142 |
| Other Equipment | 614 | 200 | 414 | 461 |
| | $16,213 | $ 5,934 | $10,279 | $11,072 |

Note 4 **Advances**

Advances from the Crown Investments Corporation of Saskatchewan are non-interest bearing and repayment is at the discretion of Crown Investments Corporation.

Note 5 **Pension Plans**

The company participates in two pension plans. One is the STC Employees Superannuation Plan established pursuant to the Public Service Superannuation Act, which is a benefit based plan. The other is the Crown Investments Corporation 39562 Fund, which is a money purchase plan. Employees hired after March 31, 1981 are required to contribute to the money purchase plan.

The company meets its financial obligations to each of the plans by making regular payments to the plans to match the amounts contributed by the employees for current service. There are no unfunded liabilities relating to the company's pension plan arrangements.

Note 6 **Related Party Transactions**

Included in these financial statements are income and expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the company is related.

Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

**stc lines**

SASKATCHEWAN TRANSPORTATION COMPANY
2041 Hamilton Street
Regina, Saskatchewan